

REPORT DIGEST

**ILLINOIS STATE UNIVERSITY
FINANCIAL AND COMPLIANCE AUDIT
(In Accordance with OMB Circular A-133)
FOR YEAR ENDED JUNE 30, 1993**

{Expenditures and Activity Measures are summarized on the reverse page.}

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

STATE COMPTROLLER'S OFFSET SYSTEM NOT FULLY UTILIZED

The University did not use the State Comptroller's Receivable Offset System to collect amounts due for many delinquent students accounts receivable. As of June 30, 1993, the University had \$2.7 million in student receivables which were over one year old. Of this amount, \$896,474 in receivables had been reported for collection through the Comptroller's Offset System. The University did not report other delinquent accounts.

State agencies are required by law to use the Offset System for any overdue receivables which exceed \$1,000. Exceptions are permitted when the agency and debtor have agreed to a payment plan or when the agency has demonstrated to the State Comptroller that the Offset System would not be cost effective. Neither exception was exercised.

We believe that additional monies would be collected if delinquent accounts were promptly placed on the Offset System. We recommended the University implement use of the State Comptroller's Receivable Offset System to pursue collection of its overdue accounts receivables. (Finding 2, page 9; first reported in 1988.)

According to their response, management agreed to comply with State law and expect to be in full compliance with the requirements by the end of Fiscal Year 1994.

TUITION WAIVERS

The University granted various tuition waivers for which no specific statutory authority exists, thus circumventing the State appropriation controls. Some of these waivers were granted to organizations outside the University, as compensation for supervised clinical experiences of students; in 1993, the university awarded \$4.8 million in tuition waivers, of which \$132,389 pertained to these supervised clinical experiences.

According to University records, nearly 73 percent of the University's 1993 tuition waivers were authorized by University or Board of Regents policy, but they were not specifically authorized by statute. In addition to the waivers bartered in exchange for supervised clinical experiences of students, several waivers were awarded to individuals within the domain of the University. Considering the volume of such waivers, statutory clarification may be appropriate.

We recommended the University either stop issuing tuition waivers that are not specifically authorized by statute or obtain specific statutory authority for the waivers issued. (Finding 5, page 15.)

University management disagreed with our recommendation and believe that they have sufficient statutory permission to issue these tuition waivers. In addition, management states that all waivers are reported to the Illinois Board of Higher Education as part of the University's budget request and appropriation process.

LAN SECURITY DEFICIENCIES

Security was not adequate for the University's computerized Local Area Networks (LANs). In testing a sample of the University's 42 separate LANs, we identified some common deficiencies which concern general access controls, such as implementation of user password rules, limiting access to sensitive data, and establishment of disaster recovery plans. (Finding 4, page 12; first reported in 1992.)

Management generally agreed with our recommendations to establish security policies for its Local Area Networks (LANs) and to justify any departures from these security policies for any of the LAN operating environments.

OTHER FINDINGS

The remaining finding has been given appropriate attention by University management and is considered less significant. We will review the University's progress toward implementation of our recommendations during our next audit. University responses were provided by Mr. Charles A. Taylor, Comptroller.

AUDITORS' OPINION

Our auditors state that the financial statements present fairly the financial position of Illinois State University at June 30, 1993.

WILLIAM G. HOLLAND, Auditor General

WGH:JHL:jr

SUMMARY OF AUDIT FINDINGS

	<u>1993</u>	<u>1992</u>
Total Findings	5	13
Recommendations Repeated	4	9
Prior Recommendations Implemented or Not Repeated	9	24

AUDITORS ASSIGNED

Our special assistant auditors on this engagement were Clifton, Gunderson & Co.

ILLINOIS STATE UNIVERSITY
FINANCIAL AND COMPLIANCE AUDIT
For The Two Years Ended June 30, 1993

FINANCIAL OPERATIONS (CURRENT FUNDS)	FY 1993	FY 1992
REVENUES		
Appropriations	\$ 66,210,900	\$ 69,326,400
Student tuition and fees	54,589,273	49,641,853
Grants, contracts, and gifts	20,658,484	19,744,836
Sales and services of educational departments	4,352,935	4,537,904
Auxiliary enterprises	34,607,662	33,185,771
Other	<u>3,473,770</u>	<u>2,829,822</u>
Total	<u>\$183,893,024</u>	<u>\$179,266,586</u>
EXPENDITURES AND MANDATORY TRANSFERS		
Instruction	\$ 52,141,079	\$ 51,659,195
Research	5,781,552	4,480,990
Public Services	8,677,964	8,014,954
Academic support	16,711,820	16,570,317
Student services	18,960,846	18,001,914
Institutional support	11,995,497	10,627,172
Operation of plant	15,116,743	13,725,902
Staff benefits	6,559,445	5,880,196
Student Aid	14,555,857	13,454,119
Auxiliary enterprises	27,615,595	26,750,901
Mandatory transfers	<u>6,979,165</u>	<u>6,699,219</u>
Total	<u>\$185,095,563</u>	<u>\$175,864,879</u>
SELECTED ACCOUNT BALANCES (ALL FUNDS)	JUNE 30, 1993	JUNE 30, 1992
Cash and short-term investments	\$ 11,014,277	\$ 14,412,037
Investments	20,935,855	18,415,245
Buildings, land, and equipment	329,781,116	316,077,023
Accrued compensated absences	16,405,045	15,153,578
Revenue bonds payable	49,803,236	49,540,491
Fund balances (deficit):		
Unrestricted	(553,729)	517,670
Restricted	1,247,097	749,412
Loan	9,086,186	8,765,813
Net investment in plant	287,947,389	273,947,389
SUPPLEMENTARY INFORMATION	FY 1993	FY 1992
Employment Statistics		
Appropriated funds:		
Faculty/administrative	1,227.5	1,241.0
Civil service	786.5	778.5
Student employees and miscellaneous contracts	293.4	266.6
Nonappropriated funds:		
Faculty/administrative	330.7	305.4
Civil service	548.0	530.6
Student employees	<u>517.8</u>	<u>394.4</u>
Total Employees	<u>3,703.9</u>	<u>3,516.5</u>
Selected Activity Measures		
Annual full-time equivalent student	18,107	18,825
Full-time equivalent cost per student	\$5,764	\$5,316
Classroom utilization - maximum %	72.3%	65.3%
UNIVERSITY PRESIDENT		
During Audit Period: Dr. Thomas P. Wallace		
Currently: Dr. Thomas P. Wallace		